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November 30, 2000

VIA HAND DELIVERY

David Waddell  
Executive Director  
Tennessee Regulatory Authority  
460 James Robertson Parkway  
Nashville, Tennessee 37243-0505

Re: Application of Telepak Networks, Inc., for a Certificate of Convenience and Necessity to Provide Competing Telecommunications Services Within Tennessee  
Docket No. 00-00930

Dear Mr. Waddell:

This submittal contains the responses of Telepak Networks, Inc. ("TNI") to the Information Request dated October 25, 2000. An original and 13 copies are being provided.

**Financial Requirements Provide the following financial information**

1. Provide most recent audited, if possible, financial statements of the parent, Telapex, Inc.
2. Projected financial statements of Telapex, Inc.

The most recent audited financial statements, and projected financial statements, of TNI's parent company are herewith filed separately under seal. These documents are confidential and proprietary and may not be shared with the public.

3. Sources of funding the Tennessee network, equipment, UNEs: cash, loan commitments, vendor credits, letters of credit, etc. (complete detail).

As stated on page 3 of the Application, TNI will fund its network through ongoing operations and access to a revolving credit facility of its parent company.

4. Provide sources of funding the Applicant if the projected income statement reflects losses.

As explained above, TNI has access to revolving credit through its parent company.

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**5. Please quantify amounts included in financial statements and projections relating to reciprocal compensation for terminating ISP traffic.**

As stated on page 3 of the Application, none of the amounts shown on the financial statements are related to reciprocal compensation for terminating ISP traffic.

**6. TCA §65-4-125 amendment states that by September 1, 2000, all telecommunications service providers subject to the control and jurisdiction of the authority, except those owners or operators of public telephone service who pay annual inspection and supervision fees pursuant to Tennessee Code Annotated, §65-4-301(b), or any telecommunications service provider that owns and operates equipment in Tennessee with a value of more than five million (\$5,000,000) shall file with the authority a corporate surety bond or irrevocable letter of credit in the amount of twenty thousand dollars (\$20,000) to secure the payment of any monetary sanction imposed in any enforcement proceeding brought under this title or the Consumer Telemarketing Protection Act of 1990, by or on behalf of the authority. Please submit a corporate surety bond or irrevocable letter of credit to the TRA on the forms provided, if applicable.**

A surety bond is being filed with the TRA under separate cover, in compliance with this requirement.

**Small and Minority-Owned Telecommunications Business Participation Plan**

**TCA § 65-5-212 provides applicant shall file a plan with the Authority along with application for certificate. Such plan shall contain the entity's plan for purchasing goods and services from Small and Minority telecommunications businesses and information on programs, if any, to provide technical assistance to such businesses. Please provide the following information:**

- 1. Measures of contact (sic) such businesses in advertisement of opportunities for bid of services.**
- 2. Programs of technical assistance.**

TNI plans to annually issue a letter offering small and minority businesses the opportunity to submit bids for goods and services, and to annually publish such letter in a major-circulation newspaper in the service area. Enclosed as Exhibit 1 is such a letter published in the past by TNI in another state. TNI will also offer technical assistance to small and minority -owned companies upon request with regard to the procedures for doing business with TNI.

**Miscellaneous**

**1. Note: When the Applicant intends to provide voice telecommunications services, Tennessee Numbering Issues, Tennessee Specific Operational Issues, and an IntraLATA Toll Dialing**

**Parity Plan should be addressed and/or provided to the Authority.**

TNI will comply with these requirements at the time it provides voice telecommunications services.

**2. Identify all states where certified as a telecommunications provider and the status of states [where] certification is pending.**

TNI is certified in the states of Alabama and Mississippi, and state certification has been applied for in Tennessee.

**3. Are customer deposits required? If so, amount required? Is the applicant bonded for the amount of the deposits?**

Customer deposits are not required by TNI.

**4. Note: A wireline activity report should be submitted to the TRA on a monthly basis for approved applicants once service commences. This information provides the TRA with data regarding the status of local telephone competition in Tennessee.**

TNI will comply with this requirement.

**5. Identify all complaints filed with state and federal regulatory agencies involving your company or affiliated entities. Identify the nature of the complaint, which governmental agency or office received the complaint, and how was the complaint was resolved.**

Attached as Exhibit 2 is a summary of complaints filed with regulatory agencies involving TNI or its affiliated entities.

**6. Applicants involvement in pertinent mergers, acquisitions, etc.?**

As stated on page 8 of the Application, TNI has not been involved in any pertinent mergers or acquisitions.

We believe these responses adequately address the Authority's questions in the latest Information Request. If you have any questions, please feel free to call me at 252-2302.

Very truly yours,

BOULT, CUMMINGS, CONNERS & BERRY, PLC

A handwritten signature in cursive script, appearing to read "April A. Ingram".

By:

April A. Ingram

AAI/

cc: Mr. Gregg Logan

**Exhibit 1**

**Sample Advertisement Letter for Small and Minority-Owned Businesses**

**SECTION 77-3-16 NOTICE TO  
QUALIFIED PUBLIC UTILITY CONTRACTORS AND SUPPLIERS**

FRANKLIN TELEPHONE COMPANY, INC.,  
DELTA TELEPHONE COMPANY, INC.,  
TELEPAK, INC.,  
TELEPAK NETWORKS, INC.

Notice is hereby given pursuant to Section 77-3-16 of the Mississippi Code of 1972, as amended, (Act) by each of the above named public utilities to each qualified contractor and supplier who desires to have its name added to the separate list maintained by each utility of contractors and suppliers qualified to perform contracts within the scope of proposed utility projects covered by said Act to advise the particular public utility above named of said desire by a writing mailed certified mail, return receipt requested, to such utility at the addresses shown below. Any requests to be added must clearly identify the legal name of the contractor/supplier and its mailing address and the utility or utilities to which said request is directed. Further, each request must include a brief description of the contractor or supplier, a detailed description of the services offered and appropriate references which establish its ability and qualifications to perform contracts for construction, extension and/or repair of facilities of the public utility within the scope of said Act and for which it desires to be listed.

Utility Contractors and Suppliers List Manager  
Attention: Mrs. Whitehead  
125 South Congress Street, Suite 1100  
Jackson, Mississippi 39201-3304

with a separate copy mailed direct to the President  
of each company to which the request is directed  
as follows:

President  
(Insert Name of Company)  
125 South Congress Street, Suite 1100  
Jackson, Mississippi 39201-3304

**Exhibit 2**

**Summary of Complaint History**

Summary of complaints filed with, or forwarded to, the Federal Communications Commission (“FCC”) concerning Telepak Networks, Inc. or any of its affiliated companies:

1. Telepak Networks, Inc.: None
2. Franklin Telephone Company, Inc. (“Franklin Telephone”), an incumbent local exchange carrier in Mississippi:

Informal Complaint by Marilyn Sefton on behalf of Myrtle Sutton, 17119 Gina Lane, Gulfport, MS 39503; FCC Case No. G2000001388:

Date Served by FCC: March 17, 2000

Date Response Filed: April 13, 2000

Summary: Marilyn Sefton sent a letter dated November 8, 1999 to the State of Mississippi, Office of the Attorney General, which forwarded the letter to the FCC for disposition. Ms. Sefton’s letter was sent on behalf of her mother, Myrtle Sutton, a resident of New Hebron. Ms. Sutton had received a notice of a past due amount owed to Qwest Communications in the amount of \$21.80. As Ms. Sefton explained, Ms. Sutton was not aware of the reason for any bill from Qwest. Ms. Sutton “...never requested any change from the service with Franklin Telephone...or any change from AT&T” which she had had for years. Having received notice of the informal complaint from the FCC, Franklin Telephone checked its records concerning Ms. Sutton’s intrastate and interstate Preferred Interexchange Carrier (“PIC”). Those records showed that the PIC for intraLATA service is BellSouth Corporation, and the PIC for interLATA service is AT&T Communications. Franklin Telephone noted that it does not provide billing services for Qwest. As such, Franklin Telephone had no additional information as to the basis for any billing by Qwest to Ms. Sutton.

Status: No response from the FCC was received after Telepak’s answer was filed.

3. Telepak, Inc. d/b/a Cellular South (“Telepak”), a cellular and Personal Communications Services licensee of the FCC:

- A. Informal Complaint by Barry L. Thomas, 80 Amberleaf Drive, Vicksburg, MS 39180; FCC IC No. 00-W62681:

Date Served by FCC: November 9, 2000

Date Response Due: December 9, 2000

Summary: Mr. Thomas complained that as part of a calling plan to which he subscribed, he was charged \$1.00 per month per phone as a fee not disclosed to him at the time of purchase. He requests a termination

of service and a refund of the amount paid for service, miscellaneous fees and two phones.  
Status: Telepak is investigating the facts related to the complaint and plans a response to the FCC on or before December 9, 2000.

- B. Informal Complaint by Walter F. Gandy, 1123 Parkwood Circle, Picayune, LA 39466; FCC Congressional Control No. GC0002620/map:

Date Served by FCC: September 8, 2000

Date Response Filed: October 6, 2000

Summary: Mr. Gandy commented on Telepak's letter to the FCC dated March 15, 2000 that was filed in response to a previous informal complaint by Mr. Gandy against Telepak. In his second letter, Mr. Gandy expressed his continued dissatisfaction with cellular signal availability in the Picayune, MS area. Telepak responded that cellular system improvements were scheduled and that coordination with the neighboring cellular operator, BellSouth, was underway in an attempt by both carriers to improve service near the market boundary.

Status: No response from the FCC was received after Telepak's answer was filed.

- C. Informal Complaint by Kenneth Hahn, 1462 S. Colorado Street, Apt. 2F, Greenville, MS 38703; FCC Reference No. 2000021659:

Date Served by FCC: August 15, 2000

Date Response Filed: August 22, 2000

Summary: Duplicate notice by FCC of informal complaint dated June 14, 2000 by Kenneth Hahn. Telepak responded by reference to its letter dated August 8, 2000 filed with the FCC in response to the same complaint.

Status: No response from the FCC was received after Telepak's answer was filed.

- D. Informal Complaint by Kenneth Hahn, 1462 S. Colorado Street, Apt. 2F, Greenville, MS 38703; (no FCC reference number):

Date Served by FCC: July 10, 2000

Date Response Filed: August 8, 2000

Summary: Kenneth Hahn complained about a lack of cellular coverage in the Delta area of Mississippi, particularly in the vicinity of Greenville, MS. Dr. Hahn questioned whether Telepak was more interested in service improvement or financial gain. Telepak responded that there are economic considerations related to construction of cellular facilities in the Delta area which is a low lying area where population is sparse outside of towns and cities, and where many

rural roads carry little traffic. Customers signing onto Telepak's service are informed that cellular service in parts of the Delta is not as reliable with a hand-held phone as with a phone installed in a vehicle. Telepak also stated that it had incurred costs of approximately \$1.2 million between January 1 and July 11, 2000 for cellular system improvements in the Delta, and that more facilities improvements were scheduled during the current fiscal year, including a new cell site at South Greenville, MS.

Status: No response from the FCC was received after Telepak's answer was filed.

- E. Informal Complaint by Walter F. Gandy, 1123 Parkwood Circle, Picayune, LA 39466; FCC Reference No. 2000001662:

Date Served by FCC: February 18, 2000

Date Response Filed: March 15, 2000

Summary: Mr. Gandy complained that cellular coverage in the Picayune, MS area was inadequate. Telepak commented in its response that the Picayune area is difficult to serve effectively because it is located near the state boundary and that signal propagation must be coordinated with the neighboring co-channel cellular licensee, BellSouth. Telepak stated that it was attempting to coordinate with BellSouth to test signal strength in the border areas and to improve service to customers.

Status: No response from the FCC was received after Telepak's answer was filed.

- F. Informal Complaint by Albert Westerman, P.O. Box 7784, Metairie, LA 70010-7784; FCC Congressional Control No. 9905731:

Date Served by FCC: December 2, 1999

Date Response Filed: January 4, 2000

Summary: Mr. Westerman complained about cellular roaming charges he incurred when he traveled through nine different markets in the United States, including two markets licensed to Telepak. Mr. Westerman inferred that the charges he incurred were unreasonable and suggested that the FCC should regulate the charges consumers pay for cellular access and roaming. Telepak responded with the observation that Mr. Westerman's letter concerned the retail per-minute access rates charged to him by his own cellular carrier. Those rates do not necessarily match the rates that his home cellular carrier pays to the serving cellular carrier (such as Telepak) for Mr. Westerman's access when he travels outside his home carrier's service area. Telepak does not know the identity of Mr. Westerman's home cellular carrier. Telepak stated that there was no legal basis for Mr. Westerman's inference that the charges he

incurred were unreasonable, unjustified or otherwise outside the scope of the law.

Status: No response from the FCC was received after Telepak's answer was filed.

G. Informal Complaint by Tamra Guest, 420 Victor Road, Columbus, MS 39701; FCC Informal Complaint File No. 99-1349:

Date Served by FCC: June 9, 1999

Date Response Filed: July 22, 1999

Summary: Ms. Guest complained that she was mistakenly billed by Telepak for certain cellular calls, over approximately a four-month period, that were placed by unauthorized users of Ms. Guest's cellular phone via a cloned phone. Upon receiving the complaint Telepak investigated the circumstances, and found that since the time of the complaint credits to Ms. Guest's account were made by Telepak's customer service representatives to cover all charges that resulted from a fraudulent use of Ms. Guest's phone number. However, Ms. Guest had not paid the proper charges to her account. Ms. Guest was provided the name and number of a Telepak employee and invited to make payment arrangements of the proper charges.

Status: No response from the FCC was received after Telepak's answer was filed.

H. Informal Complaint by Todd Turner, 130 South Front Street, Indianola, MS 38751; FCC Informal Complaint File No. 99-00798:

Date Served by FCC: March 8, 1999

Date Response Filed: April 7, 1999

Summary: In a letter to his Congressman, The Honorable Bennie G. Thompson, Mr. Todd Turner alleged that his application to act as an agent to sell cellular telephones and Telepak's service was improperly denied by Telepak on the basis that Mr. Turner's customer base is primarily minorities. The FCC forwarded Mr. Turner's letter to Telepak for response to an informal complaint. Telepak reviewed its records and responded as follows: Mr. Turner first contacted Telepak in November 1998 expressing his interest in becoming an agent. Initially there were some concerns because he had previously been an agent for a competitor in the area, however, these concerns were resolved when Mr. Turner informed Telepak that he was not bound by a non-compete contract. Telepak then began discussions with Mr. Wade Turner (Todd Turner's brother) about becoming an agent in Belzonia, Mississippi. Wade Turner's contract was initially rejected because he wanted to sell cellular phones out of his pawn shop. It was explained to Wade Turner that Telepak has a policy of not

allowing agents to sell its phones and service out of pawn shops. Ultimately, in January 1999, Wade Turner agreed to open up a separate business, Turner Communications of Belzonia. In January, Mr. Todd Turner requested agency in Indianola. Telepak was in the process of revising its management and agency contracts at the time, but sent a representative to visit the Turners and explain to them that Telepak was still interested in contracting with them, but that Telepak was waiting for the revision of its agency contracts to be completed. On March 3, 1999, John Redmond, a representative of Telepak, met again with Todd Turner and it was again explained that the company had a policy of not allowing agents to sell cellular service out of pawn shops. Todd Turner then showed Mr. Redmond the new location across the street where he intended to open up a separate business for sale of cellular service. During this visit Mr. Redmond asked Todd Turner to submit a marketing plan and financial statement and informed Mr. Turner that the new location would be acceptable so long as it remained a separate business from the pawn shop. Todd Turner agreed to send Telepak requested items. As of the date of Telepak's response to the complaint Telepak had not received the requested marketing plan or financial statement required to enter into a contract with Todd Turner as an agent of Telepak. Telepak confirmed that it always treated Todd Turner's request for agency as it would any other request for an agency relationship. Telepak denied any discriminatory treatment of Mr. Turner. Telepak's policy of not allowing its agents to operate out of pawn shops and check cashing outlets is one that it has always maintained. Telepak noted that it had not held Todd Turner or his brother to any standard different than all potential agents of Telepak.

Status: The FCC sent a letter dated April 16, 1999 to The Honorable Bennie G. Thompson and referenced the Telepak response. In its letter the FCC concluded that "[i]t appears the actions of the company have not violated any applicable Commission rules. The goal of the informal complaint process is not only to ensure this, but also to let telecommunications companies know through complaints, how customers feel about practices and policies that may be detrimental to the consumer and their business growth. It appears this matter has been resolved."

- I. Informal Complaint by Don Ulan, P.O. Box 60, Pascagoula, MS 39568-0060; FCC Informal Complaint File No. 99-0558:

Date Served by FCC: March 5, 1999

Date Response Filed: April 6, 1999

Summary: Mr. Ulan complained that his cellular service was improperly terminated by Telepak, and that he was incorrectly charged an

early cancellation fee related to the cancellation of service to his five cellular phones. Telepak's review of the matter showed that on October 5, 1998, Mr. Ulan signed an agreement with Telepak to obtain cellular service for five phones. The agreement required timely payment by Mr. Ulan of Telepak's monthly bills for service to his account, and allowed for suspension of service in the event timely payment was not made by Mr. Ulan. The agreement also provided for a \$120 per unit early cancellation fee to be charged to Mr. Ulan if the agreement was canceled within a period of one year from the date it was signed. Aside from the terms of the agreement, Mr. Ulan was informed of the early cancellation fee by the Telepak sales person who handled the sale. Service to Mr. Ulan was suspended on November 16, 1998 because his account was 30 days past due in the amount of \$331.46. In addition, Mr. Ulan owed current charges of \$846.14, such that the total due was \$1,177.60. Part of that amount (\$180.83) was for a Motorola Hands-Free kit he wished to purchase, but which was not picked up by Mr. Ulan. A full credit for the kit charge was applied to the account on November 16, 1998. Mr. Ulan's account was subject to a \$500 credit limit. He was informed of that limit by the sales person at the time of the sale. While the account was in a suspended status, Mr. Ulan called Telepak and spoke with Ms. Stacy Baize in the Collections Department. Mr. Ulan stated that he would go to Telepak's Gautier, Mississippi store that day and make payment. However, no payment was made by Mr. Ulan that day or through the date of Telepak's response to the FCC. On November 24, 1998, Mr. Ulan called the Gautier store, requesting that his service be disconnected because he was upset that his service had been suspended due to the credit limit. Telepak's employee explained why the service was suspended, but Mr. Ulan still felt that his service should not have been suspended. Another Telepak employee informed Mr. Ulan that his contract provided that each phone line would be charged a penalty upon early cancellation if his request was accepted. Mr. Ulan responded that he would not pay any penalty and that he would do what he had to do to avoid paying the penalties. Mr. Ulan instructed a Telepak employee to deactivate all five lines. As a result, early cancellation fees were applied to Mr. Ulan's account. All of the actions taken by Telepak employees were in accordance with the customer contract and the policies and procedures of the company.

Status:

The FCC sent a letter dated April 23, 1999 to Mr. Ulan and referenced the Telepak response. In its letter the FCC concluded that "[t]he actions of the company appears [sic] to have not violated any applicable Commission rules. The goal of the informal complaint process is not only to ensure this, but also to let telecommunications companies know through your complaint, how

you feel about practices and policies that may be detrimental to the consumer and their business growth. Consequently, we must consider the case closed.”

- J. Informal Complaint by Charles Musgrove, 778 Highway 28 West, Soso, MS 39480; FCC Informal Complaint File No. 99-0142:

Date Served by FCC: February 8, 1999

Date Response Filed: February 19, 1999

Summary: Mr. Musgrove complained that he was billed by Telepak for certain cellular calls, over approximately a six-month period, that were placed by Mr. Musgrove to “star” numbers. Such calls are advertised by local radio stations as free to the caller. The complaint stated that charges were erroneously billed by Telepak to Mr. Musgrove for his calls to the “star” numbers. In response Telepak determined that billing errors did in fact occur when charges were billed for Mr. Musgrove’s calls to “star” numbers. Credits were applied to Mr. Musgrove’s account following his calls to Telepak’s customer service representatives. Telepak’s Information Technology division reported that the underlying problem which resulted in the erroneous charges was corrected as of December 23, 1998. Mr. Musgrove was given the name and telephone number of a Telepak employee who could assist him if any similar problem was encountered in the future.

Status: No response from the FCC was received after Telepak’s answer was filed.